

VZCZCXRO6022
RR RUEHIK
DE RUEHBS #1567/01 3271110
ZNR UUUUU ZZH
R 231110Z NOV 09 ZDK
FM USEU BRUSSELS
TO RUEHC/SECSTATE WASHDC
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHSS/OECD POSTS COLLECTIVE
RUEHZO/AFRICAN UNION COLLECTIVE

UNCLAS SECTION 01 OF 04 BRUSSELS 001567

SENSITIVE
SIPDIS

STATE FOR EUR/ERA KESSLER, WILLIAMS
STATE FOR EEB/IFD/ODF NUTTER, LAITINEN
STATE FOR EEB/TPP/ABT/ATP CLEMENTS
STATE FOR NSC GAYLE MURPHY
STATE PASS TO USAID FOR NNICHOLSON, NOMEARA
USDA FOR FAS/OSTA FROGETT
USDA FOR FAS/OCRA NENON
E.O. 12958: N/A
TAGS: [EIND](#) [ETRD](#) [SENV](#) [EUR](#) [ECON](#) [EDEV](#) [TPHY](#) [TSPL](#) [EUN](#)
SUBJECT: SNAPSHOTS FROM STOCKHOLM: EUROPEAN DEVELOPMENT DAYS

BRUSSELS 00001567 001.4 OF 004

¶1. (SBU) SUMMARY: Governance, aid effectiveness, and the impacts of the global financial crisis and climate change on developing countries were the major themes of European Development Days (EDD) in Stockholm October 22-24. USAID Acting Administrator (AA) Alonzo Fulgham led the American delegation and participated in a panel discussion on trade and the private sector and attended an informal dinner hosted by Swedish Minister for Development Carlsson. EU officials repeatedly trumpeted their self-styled role as the world's largest donor, but also cited the need for greater coordination within the donor community writ large. While there was little direct criticism of U.S. development policies, throughout the conference, and with compelling testimonials, speakers called on developed countries to acknowledge responsibility for many of the challenges facing the world's poor as the result of climate change, the international financial crisis, and high fuel and food prices, and to provide assistance to help developing countries adapt to those challenges. END SUMMARY

BACKGROUND

¶2. (SBU) An annual event organized by the European Commission (EC) and the EU Presidency as a platform for dialogue and exchange on international development issues worldwide, Development Days brought together 5,000 participants from 125 countries, including Muhammed Yunus, George Soros, and a number of presidents and prime ministers from developing countries. The two-and-a-half day gathering, held at the modern Stockholm International Fairs site, also featured a development village, at which NGOs, government development agencies, local and regional authorities, media, and multilateral institutions held exhibits. Logistical arrangements were top notch. AA Fulgham led the American delegation, which included representatives from USAID Washington, USEU, and Embassy Stockholm.

¶3. (SBU) The agenda itself was ambitious in substance and breadth, with many panel presentations delivering useful dialogue rather than rote speeches, and only a few discussions falling short of the mark. The three plenaries in particular, focusing, respectively, on the impacts of the economic downturn, democracy, and climate change on development, were rich in both talent and import, and often sobering as personal and compelling testimonies brought home the reality of the field. While there were frequent calls for accountability in regard to the impact of both the financial crisis and climate change on the poor and on developing countries, those were less in the interest of assigning blame and more about seeking shared responsibility in finding fair solutions. A number of speakers representing the EU called attention to a recent Eurobarometer poll

which suggested 9 of 10 Europeans currently supported development assistance, with 72 percent saying the EU and member states should do more.

MR. TSVANGIRAI'S EMPTY CHAIR

14. (SBU) Following the official opening of the conference by Crown Princess Victoria of Sweden, Swedish PM Frederik Reinfeldt welcomed attendees and lamented the absence of Zimbabwe PM Morgan Tsvangerai, one of the conference's featured speakers, who was unable to travel due to political turmoil in Zimbabwe. Citing a recent UN report, he noted that despite "islands of economic recovery in an ocean of uncertainty," one billion people continue to suffer from hunger as a result of poverty aggravated by both the financial crisis and climate change, the latter representing an even greater threat for developing countries worldwide. Reinfeldt said it was apparent that the climate was changing much more rapidly than predicted, and urged countries to put aside national differences in December's Copenhagen talks on climate change. The EU, Reinfeldt said, was "at the forefront" of the climate change challenge and bore "the biggest share of the burden".

15. (SBU) Nobel Laureate Dr. Rajendra Pachauri, Chair of the Intergovernmental Panel on Climate Change (IPCC), outlined his organization's projections for the climate in 2020 and its converse effects on water supply and sea level rise: "Some will die of thirst while others will drown." He said that Europe "represented the best hope" for relief for developing countries, but added that even if the G20 agrees in Copenhagen to ambitious targets to reduce greenhouse gases "it will not be enough" and all countries "need to do their share". EC President Barroso picked up the banner of European leadership and said the EU (and member states) "puts its money where its mouth is" on development, providing "60% of all

BRUSSELS 00001567 002.4 OF 004

global assistance." He said, as "the first to unilaterally reduce greenhouse gas emissions and the first to commit to aid developing countries via support for climate change adaptation and mitigation," Europe has led the way.

WHAT THE EU CAN DO WITH AFRICA, NOT FOR AFRICA

16. (SBU) A star-powered plenary session focused on the response to the global economic crisis and offered a lively debate on the fitness of international finance institutions (IFI) and their response to the crisis. Otiye Igbuzor of ActionAid International claimed "the age of the Breton Woods system "was beginning to show" and said the system "failed to warn us about the financial crisis." He called to task the IMF for loaning "a mere 1.6 percent" of its post-crisis disbursements to sub-Saharan Africa, while giving 72 percent of those funds to developed countries, and said multinational corporations were "reverse Robin Hoods" draining African coffers of over \$160 billion every year through tax avoidance. George Soros, Chair of the Open Society Institute, said that, while the International Monetary Fund (IMF) "did okay" in cushioning the blows of the financial crisis, he said "it could do more." He said the rich countries have no real use for Special Drawing Rights (SDR) and proposed instead the IMF use SDRs to provide more official development assistance (ODA) to least developed countries (LDCs). Soros said the UK and France have used their SDRs in this way and said Europe alone "could put together a package of \$100 billion" to use SDRs in this way.

17. (SBU) IMF President Dominique Strauss-Kahn said the IMF had "returned to its origins with more flexibility and less conditionality" in its lending and said the Fund "could discuss" the Soros proposal. He said the leaders of the G20 understood that "a global crisis calls for global solutions," but acknowledged that still left 166 of the IMF's 186 members "outside the room" and that "a greater voice in decision-making" needed to be extended to African members in particular." Ngozi Okonjo-Iweala, Managing Director of the World Bank, said the Bank "was a sprightly 65 years

old" and "had been quick to assist" early in the crisis, pouring \$70 billion into 31 countries and getting Bank staff "on the ground" for support and technical assistance.

18. (SBU) Nobel Laureate Muhammad Yunis, Managing Director of the Grameen Bank, painted a more optimistic picture and said the crisis represented an "opportunity to unpack and reconceptualize" the global financial architecture. He stressed that "when two-thirds of the world is left out of the financial system, the system is not going to work." He said Grameen's success with microcredit demonstrated the value of an economic strategy designed with the needs of the poor in mind and that such a strategy could fund "a whole slew of socially-focused businesses" that could alleviate poverty and facilitate inclusiveness. African Development Bank President Donald Kaberuka said the financial crisis "had undermined the efforts of the African people to help themselves", and that "30 years of economic reform in Mauritius and Botswana has almost been wiped out." But, he added, the reforms have put in place "an improved business environment for a time when investors return." Kaberuka said it would take time for the economy to recover, and said the solution lay in "what the EU can do with Africa and not for Africa."

FULGHAM LUNCH

19. (SBU) Acting USAID Administrator Alonzo Fulgham met on October 21 with key Swedish interlocutors from the government and the private sector at a lunch hosted by the Ambassador to discuss coordination of U.S. and EU development efforts and cooperation between the military and development agencies in Afghanistan. Swedish interlocutors included Development Cooperation Agency (Sida) Director General Anders Nordstrom, influential Liberal Member of Parliament Anders Widman, former Swedish Ambassador to Afghanistan and Pakistan and current Chairman of the Swedish Afghanistan Committee (SAC) Ann Wilkens, Folke Bernadotte Academy Director General Henrik Landerholm (Note: the academy trains Swedish police and civilians that will work in Afghanistan), Jan-Joel Andersson, Head of the Swedish Institute of International Affairs, and two members of the Swedish media who report on Afghanistan.

110. (SBU) Fulgham emphasized the importance of coordinating aid efforts, noting that the U.S. and the EU provide nearly 80 percent

BRUSSELS 00001567 003.4 OF 004

of development assistance in Afghanistan. Liberal Member of Parliament Alan Widman said he did not believe that foreign development assistance would be a key issue in Sweden's 2010 national elections, but noted that Swedes were becoming increasingly concerned about using their tax "kronor" effectively in foreign aid. On October 24, Sweden announced that it would renew its commitment to Afghanistan, but would not increase troop levels significantly.

AA FULGHAM: PRIVATE SECTOR PRIME ENGINE OF GROWTH FOR DEVELOPMENT

111. (SBU) Acting Administrator Fulgham also spoke at the Trade and the Private Sector Panel event. CNN's Veronica Pedrosa moderated the event that offered a range of speakers, including Sweden's Trade Minister Bjorling, UN High Commissioner for Human Rights and former President of Ireland Mary Robinson, World Bank Managing Director Ngozi Okonjo-Iweala, ITUC (Regional Labor Union in Africa) Senior Economist Bohvi Kouglo Lawson Body, and General Electric's President and CEO for the Nordic Region & Baltic States Hans Enocson. Fulgham emphasized the need for strong stakeholder engagement in host countries. In his view, important stakeholders include leading government officials with a strong political commitment, a good Finance Minister, sound central bankers, an active private sector, and engagement of secondary ministries. He added that the private sector will be the primary engine of growth to push developing countries out of recession. Also, he highlighted the need to enhance the transatlantic dialogue on development as a means to increase the effectiveness of donor funds.

¶12. (SBU) Mary Robinson recognized the Ethical Globalization Initiative, which contains articles on the right to work as a basic human right, as well as on freedom and equality. In that regard, corporations must look at fair labor standards and efforts to increase employment. She said she would also like to see greater attention paid to increasing informal sector engagement and ensuring that small businesses are free from predatory government practices. General Electric's Enocson projected his company's vision of creating products that would facilitate lower global emissions and increase efficient water usage. Additionally, Enocson believes local level talent must be developed to make their business in developing countries sustainable. World Bank Managing Director Okonjo-Iweala stressed the need for developing country ownership. She also spoke somewhat off the record by outlining her cynicism regarding a possible breakthrough in the Doha development trade round and on the Extractive Industries Transparency Initiative, which she believes countries are gaming. She advocated for more frank discussions to arrive at more realistic policies and programs to achieve bigger impacts on the ground.

PANELS: AT NO OTHER TIME IN HISTORY HAVE WE SEEN SUCH A NEED TO COOPERATE

¶13. (SBU) USDEL was not able to cover all other 25 side events and panel presentations during the conference, but a few stood out. In a roundtable on "Beyond the Millennium Development Goals (MDG): European Development Cooperation After 2015," Andy Sumner of the Institute for Development Studies (IDS), said the recent fuel, food, and financial crises signaled "the end of a relatively benign period" for the global economy and said development cooperation must adapt to new realities. He said "big game changers in global governance, demographics, climate change, technological advances, and volatile markets have become the new norm." Francesca Mosca, Director of the EC's EuropeAid Cooperation Office, said the donor community "must move away from supply side donor priorities to the demand side partnerships" if the MDGs were to be realized by 2015 and beyond. Jean-Louis Sarbib, Director General, Development Gateway, called for "a redefinition of the MDGS" that were more "partner-focused," as the priority of development for rich countries was to use it "to solve their own problems." He said more coordination was needed, as "donors run after the same ball and chase the same trends". Elizabeth Sandor, Senior Policy Advisor at the Organization for Economic Cooperation and Development (OECD), noted the "vital role" of the private sector in development, but said it was curious that the sector "was not very much here" in the conference agenda.

¶14. (SBU) At the behest of moderator Anders Wijkman, Vice-Chair of the Tallberg Foundation, panelists at the roundtable on "The Copenhagen Climate Deal and the Right to Development" dropped their prepared remarks and dove into the substance. Wijkman posited that

BRUSSELS 00001567 004.4 OF 004

the problem was greater than climate change and that the result at Copenhagen should be "a sustainable development agreement." Firmin Adjahossou, Programme Officer at SECAM, agreed that a more holistic approach was necessary but said "no platform existed that brings researchers, decision makers, and communities together" to make such an approach feasible. Clarisse Siebert said "at no other time in history have we seen such a need to cooperate" but lamented the "what's in it for me" positions already "telegraphed by some" ahead of the talks. Henrik Grape of the Church of Sweden said that climate change was a fact and that "to apply a political compromise" that would "enable the industrialized world to avoid their obligations to adapt to a climate-constrained world," would have fatal consequences for the developing world.

¶15. (SBU) At a session on "Beyond Aid: Is our Aid Focus too Narrow?," panelists spoke frankly about the relevance of official development assistance in addressing today's global challenges, such as security and climate change. Bern Eisenblatter, Managing Director Germany's GTZ, questioned the direction of the aid effectiveness agenda as defined in Accra, arguing it is too focused on coordination amongst donors, as opposed to between donors and

partners, and that it limits diversity and removes healthy competition among donors. He called for a new paradigm for "development" effectiveness that focuses on the transformation process. Christian Aid's Jonathan Glennie said the issue is broader than aid, it is about development finance, such as the Tobin Tax, which has the potential to generate far greater resources. The World Bank's Chief Economist for the Africa Region, Shantayanan Devarajan, noted that ODA is political and said "taxpayers need to believe it is in their interest. This gets in the way of aid effectiveness." Koos Richelle, Director General of the EC's EuropeAid Cooperation Office, said that the aid industry often benefits more than the intended recipients, whose "governments spend more time managing aid programs than helping the poor." UN Resident Coordinator for Africa, Aeneas Chuma, said that, despite flaws, aid will continue to be part of the overall package with investment, trade, etc., but that its importance will decline over time. Several expressed concern with the culture of aid dependency. The discussion mirrored a plenary debate on whether a modest or radical change was needed to the current aid paradigm. All agreed some change was needed.

CLOSING PLENARY: MY COUNTRY IS ON THE VERGE OF DROWNING

¶16. (SBU) Pleas for support for developing countries on mitigation of and adaptation to climate change dominated the closing plenary on "The Road to Copenhagen and Beyond." Citing the impact of increasing numbers of hurricanes and cyclones affecting her country, former Prime Minister of Haiti Michele Duvivier said "the vulnerable are not looking for a gift, but need some fair and just reparation for the harm we have suffered." Micronesian President Emanuel Mori told the plenary "my country is on the verge of drowning" due to rising seas, and said that while he does not think it is too late to save Micronesia, he said Micronesians are considering relocation as a serious option. Mary Simon, President of the Inuit Tapirrit Kanatami, said her country was seeing firsthand the "terrifying" consequences of climate change and said that "environmental changes were coming faster than the Inuit's ability to respond".

COMMENT

¶17. (SBU) If nothing else, European Development Days served to underscore the need for the donor community to rapidly and creatively respond, given its own crises-driven constraints, to a multitude of challenges facing the developing world. Given our roles as the largest donors, the U.S.-EU agreement at this November's US-EU Summit to pursue a broader and more institutionalized development dialogue could not be timelier. With its writ to enhance coordination on food security, climate change, and the MDGs, the High Level U.S.-EU High Consultative Group on Development should enable a stronger and more coherent response that mitigates these challenges, provides a lifeline to those most in need, and offers hope to the developing world.

MURRAY